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Treasury Documentation

Subject: Substitute Printed and Computer-Generated Tax Forms and Schedules

For: Developers of Substitute Tax Form Software and   *Also See:*
Forms and Document Services

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	Policy
Effective Date	9-1-2005
Replaces	
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I.   PURPOSE

This Policy establishes guidelines and defines requirements for preparing and submitting substitute tax forms to the Michigan Department of Treasury (hereafter referred to as the "Department"). It also sets forth the procedure for required review and approval of substitute forms.

II.   SCOPE

The Department's Forms and Document Services (FDS) staff administers the requirements of this Policy. If you need additional information or have any questions after reviewing the contents of this Policy, contact:

> Forms and Document Services
> Michigan Department of Treasury
> Lansing, MI 48922
> (517) 241-4394 or (517) 373-8891
> e-mail: *TreasForms@michigan.gov*

All substitute forms must meet the requirements stated in this Policy. The Department reserves the right to require the refiling of any forms that do not meet these requirements.

The following substitute forms do not require Department approval.

1.   Photocopies of an unaltered original form or of an unaltered reproduction master form provided by the Department.

2.   Forms printed in a conventional manner using an unaltered reproduction master form provided by the Department as camera-ready copy.

3.   Computer-prepared substitutes in which the taxpayer's entry information is imaged by a computer/word processor onto an official form or a form printed as in item 2 above.

Note: Federal forms filed with the Department must comply with IRS *Publication 1167*.

III. GENERAL REQUIREMENTS FOR DEVELOPERS OF SUBSTITUTE FORMS

Developers are required to register their company with FDS and obtain a software developer identification number (vendors that have previously produced Michigan forms should verify all contact information).

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Developers must submit forms for review and receive official approval from the Department **before** releasing software to their customers. The developer must submit forms to FDS at the address shown on page 2 of this Policy. No other area within the Department is authorized to approve substitute forms. Forms directed to other areas may delay review and approval. Practitioners who purchase tax software programs do not need to submit forms for approval but should verify with the developer that they have received Department approval.

A. Review and Approval Process

The Department will **not** review forms submitted for approval via fax machine.

When reviewing forms for approval, the Department is verifying that the form can be processed through its mainstream processing systems. The Department does not review or approve the logic of specific software programs, nor confirm the calculations entered on forms output from these programs. The accuracy of the program remains the responsibility of the software developer. The accuracy of the information on returns prepared using a computer program remains the responsibility of the taxpayer.

Developers should submit one copy of each form for approval. In addition, imaged forms require submission of a data-filled forms (see Section V). The Department will verify data placement only, not calculations. The Department will send developers a formal notice of approval or non-approval. If not approved, the Department will specify changes required for approval. If revisions are extensive, developers will be required to resubmit a corrected version before receiving final approval.

Allow a minimum of ten business days during peak season for response.

Approvals are granted for one tax year only (i.e., approval of the 2004 MI-1040 return does not imply approval of the 2005 MI-1040 return). This applies whether or not there have been changes to the form.

B. Filing of Unacceptable Forms

A substitute form filed with the Department that has not been approved or cannot be processed through our mainstream processing systems can delay a refund check by up to six weeks. This does not, however, delay the posting of payments arriving with a return. The Department will contact the preparer of the unacceptable form and direct the preparer to stop filing that substitute form immediately or the taxpayer will be contacted directly. Refunds delayed past 90 days because of improper forms filing do not accrue interest.

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C. Software Developer Identification

The Department maintains a roster of software developers and assigns a software vendor code to each developer. This code must appear in the lower-left corner (in a minimum of 10 point font) of **each** page of every form produced by that developer's software. This helps the Department identify the developer if there are problems with the forms so that the developer can issue corrections.

If developers have a 4-digit NACTP-assigned number, that number should be used as the software vendor code. FDS must be notified **prior to using that number on substitute forms.**

Imaged forms require a Document Identification (Doc ID) code rather than a software vendor code (see Section V-A).

In some cases, the **primary** company producing the form is different from the **secondary** company creating the data and, if applicable, the 2-D barcode on the form. Both primary and secondary ID codes must appear on the form, with the primary code in the first (left most) position and the secondary code in the second position. Space must be reserved by the primary forms design vendor for the secondary vendor code to be added.

Example: ABC Company is the primary forms design vendor and supplies XYZ Company with form templates. XYZ writes the software programs to compute the return and print the data and barcode. The software developer identification information would appear in the bottom left corner as follows: ABC - XYZ

The primary company must submit forms for Department approval. The secondary company is not required to submit forms to the Department unless any of the following apply:

1. 2-D Barcoding
2. Scannable documents
3. Imaged forms (see Section V).

D. Advance Copies of Official Forms

Treasury's Web site provides access to draft *(www.michigan.gov/drafttaxforms)* and final (*www.michigan.gov/treasury*) tax forms as well as to Revenue Administrative Bulletins and Letter Rulings that notify practitioners of tax policy changes.

Major tax forms are published on Treasury's public Web site for viewing and printing using Adobe Acrobat Reader (version 5.0). Advance copies of draft tax forms are published on a **secured** Web site. Access to the secured site may be obtained by sending an e-mail to *TreasForms@michigan.gov* or by writing or calling FDS (see page 2).

Draft forms are generally published in late September through early December as they become available. Most tax forms cannot be finalized until the Legislature has recessed the fall session. This generally occurs in mid-December. The Department posts major tax forms as **final drafts** on the secure Web site in late October. Developers may submit final draft forms to the Department for approval, with the understanding that legislation may require changes to programs and forms. If there are changes to a final draft, developers will be notified and may need to resubmit the form for approval.

As forms become **final** (after the Legislature adjourns) they are posted on the public Web site *(www.michigan.gov/treasury).* **Developers must not release forms to their customers until they are final.** If incorrect forms are filed, it will result in errors and/or delay the processing of returns.

IMPORTANT: The final MI-1040 and MI-1040CR-7 forms posted on Treasury's public site are the "official tax booklet" versions. The final "computer-generated" versions will be available only on Treasury's secured Web site. These two forms will be clearly marked Draft or Final on the secured Web site. Developers must use the computer-generated version.   The official tax booklet and computer-generated versions differ **only** in the **Doc ID code and mailing address** on page 2.

E. Using Preprinted Label

When filing a substitute return, preparers must use the official Treasury label sent to the taxpayer. Software programs should prompt practitioners to request the label. This label is a key to efficient, accurate and economical processing of a taxpayer's return. A labeled return indicates that a taxpayer is an established filer and permits the Department to accelerate processing of those returns, providing quicker refunds with accurate names and addresses. If any information on the label is incorrect, the practitioner should not use the label.

IV. GENERAL FORMAT REQUIREMENTS FOR SUBSTITUTE FORMS

A. General Guidelines for Substitute Forms

1. **Design:** Each substitute form must follow as closely as is reasonable the design of the official form as to font style and size, arrangement and format, form number, item captions, line numbers, line references, dot leaders and sequence.

2. **Size:** Substitutes must be the same size as the official form.

3. **Paper:** The paper must be equal to or better than the quality used for the official form.   Use 20# to 24# white paper (lighter weight papers jam processing equipment).

4. **Ink Color:** Black ink color should be used.

5. **Legibility:** All forms must be legible. The Department reserves the right to reject forms with poor legibility.

6. **Variable Data Font:** The preferred fonts/sizes are Arial, Helvetica or Courier 12, but must not be smaller than 10 point in size. Characters must not touch each other and must not touch vertical or horizontal lines. Alphabetical characters must be in upper case (CAPS).

7. **Abbreviations:** Always spell out words whenever possible. Use abbreviations **only** to allow space on a line. When necessary, use only standard abbreviations provided by NACTP.

8. **Rounding:** Entries on all Michigan tax forms must be rounded to the nearest dollar. Round down all amounts less than 50 cents. Round up all amounts of 50 through 99 cents.

9. **Numeric Fields:** Right justify all numeric fields. All entries must be formatted "XXX.00". Be sure the decimal point is legible; do not use penny lines. This does not apply to 1) imaged forms (see Section V) in which the cents are separated in another box and 2) SBT form entries where it is acceptable to format as "XXX."

10. **Zero Entries:** If a line does not apply to a taxpayer, the line should be left blank; however, an entry must be made on all total lines. If the amount to be reported on a particular total line is zero, enter "0.00".

11. **Negative Entries:** Use parentheses "(0.00)" or a negative sign "-0.00" to report negative dollar amounts.

12. **Data Entry Symbols:** The Department uses a blackened right-facing arrow followed by a bold line number to indicate data entry pickup lines. This symbol must be reproduced on all substitute forms. If this symbol is not available, a blackened circle (bullet) may be substituted. The Department will not approve any form until correct data entry symbols are demonstrated.

13. **Datafield Delimiters:** All data should be dash delimited.

    Example: Social Security Number: 999-99-9999
    　　　　　　　Date: 99-99-9999

14. **Logos:** It is not necessary to reproduce any logo on any Michigan tax form.

15. **Fields:** The size and length of fields must closely match the design of the official form. Spacing between the boxes/lines should match that of the official form, where possible.

16. **Check Boxes:** It is preferred that check boxes be 1 pica X 1 pica in size but checkboxes a minimum of 1/10 inch wide X 1/6 inch high, based on NACTP standards, will be accepted. In all cases, boxes should be uniform in size throughout each form.

17. **Multiple-Page Forms:** When printing multiple-page forms, print the entire form with all its parts and pages. Whenever possible, print on both sides of the paper. When printing on continuous forms, burst and detach the pinfeed holes and burst and collate pages before filing. Be sure to assemble the forms in the correct order.

18. **Signature:** The taxpayer must sign the substitute tax form in the designated space. All taxpayer signatures on paper forms filed with the Department must be original signatures. The Department will accept a stamp of the tax preparer's signature, where applicable.

B. Substitutes With 2-D Barcode

Beginning with tax year 2004 forms, form 4220 INDIVIDUAL INCOME TAX BARCODE DATASHEET must be used for printing the 2-D Barcode. The barcode is no longer printed directly on page one of the MI-1040 and MI-1040CR-7 forms. Form 4220 is not required for forms prior to tax year 2004.

Michigan accepts 2-D barcodes for forms MI-1040 and MI-1040CR-7. There is **one** version of each of these forms for **computer-generated** tax returns. Developers must obtain draft and final versions of forms MI-1040 and MI-1040CR-7 from Treasury's secured Web site.

IMPORTANT: Draft and final versions of the computer-generated MI-1040 and MI-1040CR-7 forms are available only on Treasury's secured Web site. Developers must use the computer-generated version. These forms will be clearly marked Draft or Final on the secured Web site. The final MI-1040 and MI-1040CR-7 forms posted on Treasury's public site are the "official tax booklet" versions -- not to be used by Software Developers. The official tax booklet and computer-generated versions differ **only** in the **Doc ID code and mailing address** on page 2.

Barcode Size/Placement:

- MI-1040: Position #1 on Form 4220.
  Size: 4" width x 2" height (maximum)
  Placement: ½" from right margin and ½" from top margin

- MI-1040CR-7: Position #2 on Form 4220.
  Size: 4" width x 2" height (maximum)
  Placement: ½" from right margin and 2¾" from top margin.

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To participate in 2-D barcoding, developers must obtain specifications and guidelines from Treasury's secured Web site.

C. Scanned Forms

Substitutes of forms bearing scan lines (forms scanned by OCR) must be printed one to a page and cut to the correct vertical height. The program should generate a top line to define the cutting edge for the preparer. Position the form at the bottom of the page to ensure a dependable feeding edge and positive margin for optical scanning. Substitutes must be printed on 20# to 24# paper.

The following forms contain a scan line:

- SBT-V   SBT E-File Annual Return Payment Voucher
- 160   Combined Return for Michigan Taxes
- 161   Discount Voucher for Sales and Use Taxes
- C-8002   Single Business Tax Quarterly Return
- MI-1040ES   Estimated Individual Income Tax Voucher
- MI-1040V   E-File Payment Voucher
- MI-1041ES   Fiduciary Vouchers for Michigan Estimated Income Tax

Scan line specifications for the above forms are posted on Treasury's secured Web site. For forms 160 and 161, the Department cannot accept substitutes that do not contain a scan line. For forms SBT-V, C-8002, MI-1040ES, MI-1040V and MI-1041ES, the Department encourages that the scan line be included to speed processing and improve the accuracy of the payment posting. In all cases, the Department prefers that when a personalized form is provided to a taxpayer, the personalized form (not a copy or reproduction) be filed with the Department.

V.   FORMAT REQUIREMENTS FOR IMAGED FORMS

The following forms are processed with imaging equipment and have specific requirements for form design and layout. Before imaged forms can be submitted for approval, software developers are required to supply the Department with a list of the imaged forms their software will support.

- MI-1040   Individual Income Tax Return
- Schedule 1   Income Additions and Subtractions Schedule
- Schedule NR   Non Resident and Part Year Resident Schedule
- MI-1040CR-5   Farmland Preservation Tax Credit Claim
- Schedule CR-5   Schedule of Taxes/Allocation to Each Agreement
- MI-1040CR   Homestead Property Tax Credit Claim
- MI-1040CR-2   Homestead Property Tax Credit for Veterans and Blind People
- Schedule CT   College Tuition and Fees Credit Schedule
- MI-1040CR-7   Home Heating Credit Claim
- MI-1040H   Schedule of Apportionment
- MI-8839   Qualified Adoption Expenses

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- 3174   Direct Deposit of Refund
- MI-2210   Underpayment of Estimated Income Tax
- Schedule W   Withholding Tax Schedule
- 4013   Resident Tribal Member Annual Sales Tax Credit
- MI-1040D   Adjustments of Capital Gains and Losses
- MI-4797   Adjustments of Gains and Losses from Sales of Business Property
- MI-1040X   Amended Income Tax Return
- MI-1045   Application for Michigan Net Operating Loss Refund

The form samples submitted for approval must be an accurate representation of the form printed from the developer's software in an actual taxpayer environment.

A. Document Identification (Doc ID) Code

A Doc ID Code must be printed in the bottom left corner of the forms specified above. See Document Identification Code Specifications on Treasury's secure Web site. (Developers must continue to print their software vendor code on forms not included in the list above.)

B. General Guidelines for Imaged Forms

1. **Line Weight:** Line weight must be a minimum of 1 point, **including** check boxes.

2. **Date/Social Security Numbers:** Use a dash (-) to separate the series of numbers.

3. **Data Entry Symbols:** Data entry symbols must be included where applicable.

4. **Number Recognition:** Developers are not required to print the following statement on forms: "Print numbers like this: `0123456789` - NOT like this: `1 4 7`."

5. **Taxpayer Identification Area:** Fields in this area generally include First Name, MI, Last Name, Address and Social Security Number.

   (a) Developers should not print a separate entry box for the Social Security Number(s) field. Social Security numbers should be placed directly to the right of the data entry symbol, aligned with the taxpayer name.

   (b) Internal boxes (see example on next page) must be reproduced **except** in Filer and Spouse SSN fields.

*Do **not** reproduce internal boxes in Filer or Spouse SSN fields.*	*Internal boxes must be reproduced in all other areas. Examples:*
▸ 2. Filer's Social Security Number (Example: 123-45-6789) — — ▸ 3. Spouse's Social Security Number (Example: 123-45-6789) — —	▸ Preparer's PTIN, FEIN or SSN ▸ Preparer's Business Name (print or type) Deceased Taxpayers. If Filer and/or Spouse died after 12-31-2004, enter dates below. **ENTER DATE OF DEATH ONLY** Example: 04-15-2006 (MM-DD-YYYY). ▸ Filer — — ▸ Spouse — —

(c) Field Descriptions/Line Numbers: Exclude the field descriptions and line numbers inside the boxes for the following fields: Taxpayer Name(s), Address and Social Security Number(s). (Do **not** exclude data entry symbols.)

(d) If extra space is needed to accommodate the name and/or address, spacing in this area may be adjusted in field width only. Field height must match the original form. (See sample on secure Web site.)

6. **Top and Bottom Margins:** Do not print additional variable data in the top or bottom margin of the form.

7. **Boxes:** Boxes cannot be replaced with lines.

8. **Quantity:** A total of six forms must be submitted: (1) One blank form, (2) one max data copy (all 9s in numeric fields and all Xs in alpha fields), and (3) four sample data copies with a variety of fields filled in. The four sample data copies must encompass all fields in the four samples provided.

9. **Font Size for Field Descriptions:** Descriptions within field boxes must not exceed 8 point regular font size.

VI. AGREEMENT

By submitting a substitute form to the Department for review and approval, a developer agrees to follow the requirements and specifications of this Policy. If a substitute form has been approved by the Department but subsequently proves to disrupt or impede the processing of tax returns, for whatever reason, the developer must:

1. Accept the Department's decision as to whether a developer may continue to use the software program during the filing season, and

2. Work with the Department to correct any problems.

End